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CLASSIFICATION SECRETCENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

REPORT

CD NO.

COUNTRY East Germany

DATE DISTR. 27 September 1954

SUBJECT Shortage of Lathe Steel

NO. OF PAGES 2

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THIS IS UNEVALUATED INFORMATION

1. The shortage of ~~lathe~~ steel in East Germany<sup>1</sup> has created a pro-  
duction bottleneck of such a serious character that the situation  
has been turned over to the East German Council of Ministers. ~~In~~  
~~early June 1954~~ Heinrich Rau, Minister for Machine  
Construction, requested of the Council of Ministers that the im-  
mediate import of 4,000 tons of ~~lathe~~ steel from the Soviet  
Union be authorized. These steel imports were to be distributed  
to the enterprises producing screws, rectifiers, and motors in order  
to enable them to cover the production quotas for the second  
quarter of 1954 and to make up ~~the deficit~~ <sup>the deficit</sup> production during  
the first quarter of 1954. The amount of ~~lathe~~ steel to be  
imported would not be sufficient to cover the entire screw production  
in East Germany. Rau suggested that additional screw imports  
be authorized immediately.

2. Rau's proposal met with heavy opposition from Kurt Gregor, Minister  
for Foreign and Domestic Trade, who stated that the East German  
currency situation would not even allow consideration of Rau's  
proposal. After violent discussions in the Council of Ministers  
between Rau, Gregor, and Fritz Selbmann, the Minister for Heavy  
Industry, the Council of Ministers decided in late June 1954 that  
1,000 tons of ~~lathe~~ steel should be imported immediately  
from the USSR. Rau's proposal for the importing of 4,000 tons was  
rejected because of the lack of currency. Minister Gregor was  
requested by the Council of Ministers to import considerable  
amounts of screws but in view of the bad cur-  
rency situation, he could not guarantee that such imports would take  
place in the near future.

3. The shortage of ~~lathe~~ steel and the insufficient measures taken  
to alleviate this shortage in the foreseeable future have created  
a serious situation in almost all enterprises under the Ministry  
for Machine Construction because ~~lathe~~ steel and/or screws are  
urgently required for the fulfillment of their production plans.

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